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Item 3 of the provisional agenda

FUTURE OF UNIDO

Paper submitted by the League of Arab States*

Note by the Secretariat

Reproduced in the annex to the present document is the text of a paper submitted by the Permanent Observer Office of the League of Arab States.

* This document has not been edited.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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Annex

Mission of the League of Arab States
Vienna, Austria

Memo. No.: 127/2/97

Date: 4 April 1997

Dear Sir,

On behalf of the Arab Member States of UNIDO, I have the honour to present the enclosed paper containing their proposals on the future of UNIDO.

I would appreciate it very much if you could kindly take the appropriate action to treat the paper as an official document and to circulate it to the Member States.

Acting Dean of
the Arab Diplomatic Corps,
Ambassador of the Republic of Algeria,
Halim Benatalla

[*Signed*]

Mr. Mauricio de Maria y Campos,
Director-General, UNIDO

JOINT ARAB PAPER ON THE FUTURE OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

I. GENERAL PRINCIPLES

1. UNIDO should continue as a specialized agency of the United Nations operating in the field of industrial development.

2. The current reform process should be based on a determination by Member States of the size of the activities to be undertaken and subsequently a determination of the necessary budget and the sharing of costs by Member States. Account should be taken of the present international political and economic circumstances. Attention should be paid to recently emerging phenomena, such as globalization, the growing role of the private sector in all fields as well as the environmental dimension of industrial development.

3. The political dimension of the current crisis cannot be ignored. The various regional groups should, therefore, play an active role in the negotiations on the future of the Organization.

4. No reform process can succeed without consultation and solidarity among all Member States (both developed and developing) and avoidance by them of unilateral decisions.

5. While it is natural to view the UNIDO problem in the context of the reform process experienced by the United Nations as a whole (which necessitates consultation and coordination with the missions based in New York and Geneva), it should be emphasized that the problem should be solved in Vienna by the Member States of the Organization.

II. THEMES OF REFORM

6. The reform process can include the following elements:

(a) Settlement of the financial problems of the Organization through:

(i) Payment by all Member States of their financial obligations to the Organization (including the rescheduling of old financial obligations);

(ii) Reduction of budgetary items for travel, publications and meetings expenses and review of the distribution of Vienna International Centre maintenance costs; and

(iii) Adoption of a new strategy for the mobilization of additional resources.

(b) Enhancement of the field presence of the Organization through a redeployment of the staff of the Country Programmes and Funds Mobilization Division.

(c) Review of the administrative structure of the Organization, including designation by the Director-General of a person to act on his behalf during his absence.

(d) Improvement of the technical expertise existing in the Organization, through the adoption of a clear policy in the area of management of the human resources of the Organization and through providing it with high professional and technical expertise.

(e) In addition to its technical role and its capacity as a forum for the exchange of views and consultation on industrial policies, the Organization should enhance its field activities through the endeavour to mobilize industrial investment and to transfer modern technologies conforming to the requirements of sustainable development.

(f) In the light of the special session, the Director-General should be requested to submit a budget consistent with the objectives determined by Member States.

(g) Amendment of the relevant articles of the Constitution of the Organization to reflect the new situation resulting from the reform process.

(h) The Director-General should take the necessary action to improve the image of the Organization and create an environment of confidence within the Secretariat.

(i) The question of the election of a new Director-General should be opened and the African position in this regard should be adopted in accordance with the African Statement on the matter.

STATEMENT OF THE AFRICAN GROUP ON THE FUTURE OF UNIDO

The African Group wish to reiterate its stated commitment in retaining UNIDO as a specialized agency within the United Nations system providing integrated efficient and sustainable industrial development to developing countries.

The Group has reviewed the obtaining situation in the Organization and wish to re-confirm its determination to continue to actively contribute in defining the future activities and structure of UNIDO. The Group welcomes the contributions made by Morocco and Nigeria as well as the position of the Asian Group.

The Group has carefully examined the document entitled "The Future of UNIDO" by the Director-General. In this regard, the Group endorses the opinions expressed by its members, *inter alia* the approach is limited to short-term budgetary concerns falling short of the long-term vision necessary for revitalizing the Organization. The document will hence be considered as a contribution among others.

The African Group strongly holds that the long-term viability of the Organization solely rests within Member States towards this endeavour. The Group wish to state that the future of UNIDO will exclusively be determined in Vienna. The approach should therefore be clear and not just limited to scenarios meant to entice States in continuing their membership. It is this in mind that the Group wish to invite other regional groupings to consider engaging in formal consultations in preparation for the special session of the IDB which the African Group considers urgent and important in exploring the "common understanding". This is crucial in spelling out the greatly needed steady and clear political commitment. The Group hopes that this will constitute essential outcome of the special session of the IDB.

While the Group looks to the future with hope, it cannot fail to express its concern at the fast deteriorating image of UNIDO as a result of some recent developments among others and the overall prevailing atmosphere within the Secretariat. To contain further deterioration, the Group calls upon the Director-General take appropriate measures to sustain confidence.

The African Group fully associating itself with the position of the Group of 77 and China regarding the need to have new leadership in the Organization. The Group supports the position that the Director-General of UNIDO should come from within the ranks of the Group of 77 and invites its members to present candidates.

The Group therefore strongly feels that the Chairman of the IDB should undertake the necessary consultations in exploring the possibility of finding a consensus candidate for the post of the Director-General in order to afford adequate time for the exercise. It is the proposal of the Group to have the proposed deadline of submitting candidature postponed in accordance with relevant provisions of the Constitution.